

DRAFT FINANCE REPORT FOR ET DISCUSSION

AUGUST 2014

OVERVIEW & KEY ISSUES

Key headlines are:

- Data protection income is projected to be in line with the revised budget of £16.6M for the full year. The next few months will be key in forecasting the remaining year's income activity.
- £1.875m grant-in-aid has been received to date and another request will be made for £0.9m at the end of September due for payment in October;
- YTD payroll costs are £22k (0.4%) below budget. A higher number of new starters in July has resulted in increased costs, bringing them back into line with the budget. This will need to be kept under review in the upcoming months in light of staff turnover.
- Business rates appeal for Wycliffe House was approved in July. Savings are expected to materialise later in the financial year.

2014-15 BUDGET

BV2 ("Revised Budget") has now been approved by the MOJ. Please note in the Management Accounts both the original budget and revised budget have been included. For information, all variances commented on are comparing the revised budget to actual. Forecasts for BV3 will commence shortly and are expected to replace BV2 in January 2015.

INCOME**Grant-in-aid for freedom of information activities**

The grant-in-aid available for drawdown over 2014-15 is £3.75m. This has been profiled as four quarterly tranches of £937.5k. The first and second tranche has been drawn down and received. We will apply for the third tranche at the end of September to be paid in October 2014.

Data Protection fees processed

Data protection income for the full year is projected to be in line with the revised budget of £16.6M. Year to date fee income is £356k (6%) above the YTD budget due to the budget profile.

£000	Budget	Actual	Variance
2014 April	1,395	1,281	-114
2014 May	1,259	1,280	+21
2014 June	1,157	1,432	+275
2014 July	1,358	1,456	+98
2014 August	1,228	1,303	+75
Year to date	5,396	6,752	+356

The fee income receipt mix is:

£000	Cheque	%	BACS	%	Direct Debit	%	Credit Cards	%	Refund	%	
Apr-14	322	25%	55	4%	582	45%	325	25%	-	4	0%
May-14	316	25%	65	5%	556	43%	345	27%	-	2	0%
Jun-14	404	28%	78	6%	597	47%	359	28%	-	5	0%
Jul-14	331	23%	48	4%	646	50%	433	34%	-	2	0%
Aug-14	296	23%	51	4%	594	46%	374	29%	-	4	0%
Year to date	1,669	25%	296	4%	2,975	44%	1,836	27%	-	16	0%

EXPENDITURE

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 3.1

<https://www.gov.uk/government/publications/cabinet-office-controls-guidance-version-3-1>

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We have received approval from the MOJ for the 2014-15 IS budget. We will thus only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

Total staff costs

Staffing levels/FTE	Payroll	Agency	Total	Complement	Vacant Posts
2014 April	353.5	16.0	369.5	383.0	(13.5)
2014 May	353.4	16.6	370.0	383.0	(13.0)
2014 June	354.2	14.6	368.8	383.0	(14.2)
2014 July	363.4	16.6	380.0	383.0	(3.0)
2014 August	361.2	16.0	377.2	383.0	(5.8)
Average	357.1	16.0	373.1	383.0	(9.9)

Staff costs to date are £21k (0.4%) below budget. This is a better result than the £80k underspend reported in the previous month, mainly due to a high level of new starters in July (see table above). There is a risk that spend may drop under budget with the current level of leavers. This risk is being mitigated with recruitment events currently in progress and the use of agency staff.

Total estate costs

Estate costs are coming in on budget overall.

Property licences remain £35k behind budget as we have not yet received the first quarter recharge invoices per the MOTO agreements for Wales, Scotland and London.

IS and telecommunications

IS costs to date largely relate to service delivery and contracted services.

IS projects remain at early stages: IS forecasted spend has been detailed out on a project by project basis and reviewed by the IT steering group which gives a greater view on where the risk areas are and how and when to mitigate these risks.

Telephony and notification printing/postage are in line with expectations.

Note: An IT project plan is now in place. This plan forecasts that the projects to be delivered this year will spend the IT projects budget. It was therefore agreed in the IT steering group that this budget would not be further reduced but would be kept under review by the group, which meets monthly.

Banking and finance costs

Bank charges for 2014-15 have been negotiated and agreed at £40k for the year, saving £14k (26%). £20k has been accrued to date in the accounts, although RBS are yet to deduct.

Card commission charges were originally forecast at £5.5k pcm, actual costs are between £4-5k generating a forecasted saving of circa. £15k.

Staff travel and other costs

Staff travel is slightly below budget, mainly due to reduced travel in August, other costs are as expected.

Printing, postage and office stationery

Spend on printing, postage and stationery is running slightly behind budget with £24k savings to date. Expenditure in this area is expected to be back end loaded.

Other expenditure

Communications spend overall is £68k above budget. The budget has been spread fairly evenly over the year yet a high level of activity has taken place in the first quarter, particularly regarding campaigns and media monitoring; the variance is therefore expected to level out by the end of the year.

Legal costs for DP Enforcement is £18k under budget but significant costs are expected to be incurred in ongoing cases in the upcoming months. This is also the case for policy FOI legal costs. Some legal costs have been reallocated during the period from policy to enforcement, overall costs have not changed.

ET have approved additional expenditure on the development of a new website. Details of how this will be funded will be provided in the September accounts.

All other expenditure is in line with expectations.

CAPITAL EXPENDITURE

The 2014-15 capital budget has been revised to £765k in the revised forecast, £85k (10%) less than the original budget. The year to date capital spend is £46k (6% of the revised budget). Although this remains at a low position, this has formed part of the review by the IT steering

group as mentioned above and is thought to be on track at the present point.

Civil Monetary Penalties

The current status of uncollected CMPs is:

	CMP	Due date	Status
ISSUED IN 2013-14			
We Claim You Gain Ltd	£100,000	14Jul13	Company gone into administration, unsecured debt. Full impairment provision in 2013-14 Financial Statements.
Nationwide Energy Services Ltd	£125,000	14Jul13	Payment schedule agreed will be paid in full over 6mths commencing 30 Jun14. Company liquidated before any payment made. Proceeding with civil recovery.
ISSUED IN 2014-15			
Amber UPVC Fabrications Ltd	£50,000	1May14	Amber is to appeal to the Tribunal, seeking rescission of the notice or a reduction in the penalty.
Think W3's	£150,000	21Aug14	Thomas Cook paying fine, payment expected.
Reactive Media Ltd (Discover Finance and Consumer Helpline)	£50,000	26Aug14	Payment expected late September.

Simon Entwisle, Deputy Chief Executive Officer
August 2014

MANAGEMENT REPORT: AUG 2014		ALLOCATION	ORIGINAL BUDGET	REVISED BUDGET	REVISED BUDGET	REVISED BUDGET	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
RESOURCE DEL	£000	Full Yr	Full Yr	DP	FOI	Year to date	Year to date	Year to date		
Payroll - gross		10,478,898	10,536,634			4,322,811	4,070,542	4,075,181		
Payroll - NEBM		50,500	50,500			25,250	25,250	17,808		
Payroll - overtime		80,000	80,000			30,983	30,983	17,469		
Payroll - pensions		1,902,069	1,821,263			784,294	723,018	722,142		
Payroll - ers nic		743,229	708,269			306,771	279,405	261,001		
Agency staff		-	170,000			-	170,000	183,998		
TOTAL STAFF COSTS	13,255	13,254,695	13,366,665	10,832,489	2,534,176	5,470,109	5,299,198	5,277,599		
Property rent		782,640	782,640			391,320	391,320	405,542		
Property rates		190,000	234,000			190,000	234,000	234,049		
Property licences		92,500	92,500			37,000	37,000	1,911		
Fuel and utilities		82,500	82,500			29,000	29,000	18,653		
Other property costs		131,153	131,153			49,000	49,000	77,253		
TOTAL ESTATE COSTS	1,279	1,278,793	1,322,793	1,076,376	246,417	696,320	740,320	737,408		
Consultancy		-	-	-	-	-	-	5,908		
- contracted Services		1,910,000	1,950,000			830,000	835,000	847,858		
- GSI		145,000	145,000			36,250	36,250	36,062		
- development		200,000	180,000			66,000	46,000	42,960		
- online development		200,000	200,000			70,000	52,000	38,964		
- telecoms		140,000	100,000			50,000	45,000	50,264		
-notification printing and postage		145,000	145,000			65,000	65,000	65,581		
IT and telecommunications		2,740,000	2,720,000	2,314,550	405,450	1,117,250	1,079,250	1,081,690		
- bank charges		51,000	51,000			21,250	21,250	19,998		
- card commissions		75,000	75,000			28,754	28,754	23,562		
Banking and finance		126,000	126,000	126,000	-	50,004	50,004	43,560		
- health and safety		25,000	25,000			11,000	11,000	10,359		
- learning and development		125,000	125,000			55,000	55,000	52,309		
- conference attendances		15,000	15,000			7,000	7,000	2,714		
- staff recruitment costs		30,000	30,000			10,000	10,000	23,503		
- HR support costs		55,000	55,000			23,000	23,000	32,284		
- travel and subsistence UK		335,000	335,000			130,000	130,000	107,149		
- travel and subsistence Overseas		40,000	40,000			10,000	10,000	7,509		
- hospitality		-	-			-	-	503		
Staff travel and other		625,000	625,000	540,197	84,803	246,000	246,000	236,329		
- postage		65,000	65,000			27,000	27,000	24,956		
- document destruction		10,000	10,000			4,100	4,100	2,595		
- furniture and equipment		25,000	25,000			11,000	11,000	2,825		
- general administration kitchen		50,000	50,000			20,000	20,000	17,962		
- general administration other		15,000	15,000			6,250	6,250	593		
- motor vehicle costs		2,000	2,000			1,000	1,000	-		
- equipment repairs and maintenance		10,000	10,000			3,500	3,500	3,869		
- stationery		40,000	40,000			16,000	16,000	12,146		
Printing, postage and office expenditure		217,000	217,000	175,770	41,230	88,850	88,850	64,946		
- communications		249,751	249,751			110,000	110,000	177,679		
- communications research		50,000	50,000			19,000	19,000	24,450		
- internal audit and corporate governance		50,000	50,000			20,000	20,000	15,255		
- legal HR		35,000	35,000			14,000	14,000	18,164		
- legal Policy FOI		158,000	158,000			65,000	65,000	47,493		
- legal Enforcement DP		80,000	147,000			33,000	33,000	19,391		
- specialist support forensics		40,000	40,000			16,000	16,000	3,111		
- specialist support translations		5,000	5,000			2,100	2,100	521		
- specialist support other		-	-			-	-	12,349		
- Policy research DP		72,500	72,500			15,000	15,000	3,000		
- NAO audit fee		30,000	30,000			30,000	30,000	30,000		
- library and subscriptions legal		40,000	40,000			30,000	30,000	31,311		
- library and subscriptions Wilmslow		15,000	15,000			6,250	6,250	6,235		
- library and subscriptions regional offices		4,500	4,500			1,900	1,900	550		
- professional subscriptions		10,000	10,000			5,000	5,000	10,796		
Other expenditure		839,751	906,751	668,003	238,748	367,250	367,250	400,305		
Loss on disposal of Non-Current assets		-	-	-	-	-	-	-		
TOTAL OTHER COSTS	4,548	4,547,751	4,594,751	3,824,520	770,231	1,869,354	1,831,354	1,832,737		
PROVISIONS - UTILISED IN YEAR	8	8,154	8,154	8,154	-	3,397	3,397	2,796		
GROSS FISCAL DEL (A+B+C+D)	19,089	19,089,393	19,292,363	15,741,539	3,550,824	8,039,180	7,874,269	7,850,540		
Fee income	-	16,189	-	16,527,292	-	-	6,265,692	-	6,752,046	
CFERs allowable as operating income										
Other income										
TOTAL INCOME	-	16,189	-	16,527,292	-	-	6,265,692	-	6,752,046	
NET FISCAL DEL (E+F)	2,900	2,899,999	2,765,071	-	785,753	3,550,824	1,773,488	1,477,802	1,098,494	
Depreciation		1,063,000	1,660,000	1,460,800	199,200	444,000	691,665	699,166		
Other non-cash										
TOTAL NON-CASH COSTS	1,063	1,063,000	1,660,000	1,460,800	199,200	444,000	691,665	699,166		
TOTAL RESOURCE DEL (G+H)	3,963	3,962,999	4,425,071	675,047	3,750,024	2,217,488	2,169,467	1,797,660		
RESOURCE AME										
Provision - increase/decrease										
Provisions - utilised in year	-	8	-	8,154	-	8,154	-	3,397	-	2,796
Diminution of Fixed and Instangible assets										
NET RESOURCE AME	-	8	-	8,154	-	8,154	-	3,397	-	2,796
CAPITAL DEL										
Tangible additions										
Tangible disposals										
Intangible additions	850	850,000	765,000	634,950	130,050	350,000	315,000	46,317		
Intangible disposals										
NET CAPITAL DEL	850	850,000	765,000	634,950	130,050	350,000	315,000	46,317		
TOTAL CASH (G+K)	3,750	3,749,999	3,530,071	-	150,803	3,680,874	2,123,488	1,792,802	1,144,811	